
HELIX NETWORK OF EDUCATIONAL CHOICE
D/B/A MENTORSHIP ACADEMY
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

4/13/11



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HELIX NETWORK OF EDUCATIONAL CHOICE
D/B/A MENTORSHIP ACADEMY
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2010

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors for
Helix Network of Educational Choices D/B/A Mentorship Academy
Baton Rouge, Louisiana:

We have reviewed the accompanying statement of financial position of Mentorship Academy (a nonprofit organization) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Mentorship Academy.

A review consists principally of inquiries of Mentorship Academy personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Postlethwaite + Netterville

Baton Rouge, Louisiana
March 28, 2011

HELIX NETWORK OF EDUCATIONAL CHOICES
d/b/a MENTORSHIP ACADEMY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

CURRENT ASSETS:

Cash - Unrestricted	\$ 9,315
Accounts Receivable - Federal Programs	116,502
Prepaid Expenses	<u>11,154</u>
Total current assets	<u>136,971</u>

NON-CURRENT ASSETS:

Security Deposits	<u>16,678</u>
Total non-current assets	<u>16,678</u>

PROPERTY AND EQUIPMENT:

Furniture and Fixtures	71,594
Equipment	<u>129,256</u>
Total Property and Equipment	200,850
Less Accumulated Depreciation	<u>(358)</u>
Net Property and Equipment	<u>200,492</u>
Total assets	<u><u>354,141</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	<u>148,134</u>
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NET ASSETS:

Unrestricted	<u>206,007</u>
Total liabilities and net assets	<u><u>\$ 354,141</u></u>

See accompanying notes and accountants' report.

HELIX NETWORK OF EDUCATIONAL CHOICES
d/b/a MENTORSHIP ACADEMY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

CHANGES IN UNRESTRICTED NET ASSETS

Public Support Revenues and Other Support:

Support from Federal Programs	\$ 353,344
Support from private donations	<u>231,000</u>
Total revenues and other support	<u>584,344</u>

Expenditures:

Program Expenses	283,283
Administrative Expenses	<u>95,054</u>
Total expenditures	<u>378,337</u>

<u>INCREASE IN UNRESTRICTED NET ASSETS</u>	206,007
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<u>UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR</u>	<u>-</u>
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<u>UNRESTRICTED NET ASSETS AT END OF YEAR</u>	<u><u>\$ 206,007</u></u>
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See accompanying notes and accountants' report.

HELIX NETWORK OF EDUCATIONAL CHOICES
d/b/a MENTORSHIP ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	Administrative Expenses	Program Expenses	Total
EXPENSES:			
Salaries	\$ 9,839	\$ 130,086	\$ 139,925
Payroll Taxes	1,846	11,006	12,852
Advertising and Promotional	-	47,275	47,275
Materials, Supplies, Books & Periodicals	376	20,270	20,646
Depreciation	358	-	358
Supplies	630	2,664	3,294
Food Service	476	-	476
Insurance	17,724	-	17,724
Postage and Telephone	1,401	-	1,401
Technical and Professional Services	26,126	23,641	49,767
Legal fees	23,006	-	23,006
Rent	10,614	42,454	53,068
Repairs and Maintenance	-	1,358	1,358
Transportation	1,112	4,446	5,558
Travel	1,214	-	1,214
Utilities	332	83	415
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 Total Expenses	 \$ 95,054	 \$ 283,283	 \$ 378,337
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See accompanying notes and accountants' report.

HELIX NETWORK OF EDUCATIONAL CHOICES
d/b/a MENTORSHIP ACADEMY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 206,007
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	358
Decrease (increase) in:	
Federal program receivables	(116,502)
Prepaid expenses	(11,154)
Other assets	(16,678)
Increase (decrease) in:	
Accounts payable and accrued expenses	<u>148,134</u>
Net cash provided by operating activities	<u>210,165</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Furniture and equipment	<u>(200,850)</u>
Net cash used in investing activities	<u>(200,850)</u>
Net increase in cash	9,315
Beginning cash balance	<u>-</u>
Ending cash balance	<u><u>\$ 9,315</u></u>

See accompanying notes and accountants' report.

HELIX NETWORK OF EDUCATIONAL CHOICES
DBA MENTORSHIP ACADEMY
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

School

Mentorship Academy (the School) is an independent high school with a charter to operate in East Baton Rouge Parish effective July 1, 2010 and expiring June 30, 2015. The year ended June 30, 2010 was the startup year of operations in which there were no students enrolled. The high school will open for the 2010-2011 school year.

The School is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Support

The School receives grants from the private and public sector. The grants are for specific purposes and are passed through the Louisiana Department of Education.

Concentration of Support

The School received approximately 60% of its support from federal grants passed through the Louisiana Department of Education and approximately 40% of its support from donations from a single private donor.

Contributions

The School accounts for contributions in accordance with the standards of the Financial Accounting Standards Board. In accordance with these standards, contributions received are recorded as increasing unrestricted, temporarily, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increased in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The School had no temporarily or permanently restricted net assets at June 30, 2010.

HELIX NETWORK OF EDUCATIONAL CHOICES
DBA MENTORSHIP ACADEMY
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

No amounts have been reflected in the financial statement for donated services. The School generally pays for services requiring specific expertise. However, some Board Members and other volunteers have volunteered their time and perform a variety of tasks that assist the School with administrative programs.

Functional Expenses

The costs of providing various program and administrative services have been reported on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the various program and administrative services based on estimates made by management.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes all cash accounts held at financial institutions and cash on hand.

Property and Equipment

Purchased property and equipment is capitalized at cost for purchases greater than \$500. Depreciation is calculated using the straight-line method over the estimated useful life of the assets.

Accounts Receivable

No amounts for allowance for bad debts have been established as the School expects to collect the balance in full.

Use of Estimates

Management used estimates and assumptions in preparing the financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements. The School had no temporarily or permanently restricted net assets at June 30, 2010.

HELIX NETWORK OF EDUCATIONAL CHOICES
DBA MENTORSHIP ACADEMY
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The School expenses advertising costs as they are incurred.

2. ACCOUNTS RECEIVABLE

Accounts Receivable – Federal programs at June 30, 2010 represents amounts due from the Louisiana Department of Education for federal pass through grants under the Public Charter Schools Federal Grant Program. All amounts receivable are deemed collectable and as such, no reserve for bad debts has been recorded.

3. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30, 2010:

Furniture and Fixtures	\$ 71,594
Equipment	<u>129,256</u>
Total	<u>\$ 200,850</u>

Depreciation expense for the year ending June 30, 2010 was \$358.

4. OPERATING LEASE

The School leases its facilities from a private entity effective April 1, 2010-June 30, 2011 (the initial term). The School will have the right of first refusal to purchase the premises during the initial term. The rental obligation for the year ending June 30 2011 is \$200,124.

5. FEDERAL GRANTS

Federal grants received from the U.S. Department of Education totaled \$353,344 for the year ended June 30, 2010. The program is titled Public Charter Schools Federal Grant Program, and is for an award period from August 1, 2009 to July 31, 2010. This grant funding award was passed through the Louisiana Department of Education.

HELIX NETWORK OF EDUCATIONAL CHOICES
DBA MENTORSHIP ACADEMY
NOTES TO FINANCIAL STATEMENTS

6. TAX FILINGS

The School is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. As such, the School is required to file form 990 by November 15 of each year. The School had not filed the form 990 for the year ended June 30, 2010 as of March 28, 2011, the date these financial statements were issued. Late filing will likely result in assessed penalties and interest. Management plans to seek relief from the penalties and believes that the ultimate settlement of this matter will not significantly affect the financial condition of the School.

7. SUBSEQUENT EVENTS

In August 2010, Mentorship Academy of the Digital Arts and Mentorship Academy of Science and Technology opened for instruction to students. In accordance with the charter agreement with East Baton Rouge Parish System, the School began to receive a pro-rata share of Minimum Foundation Program revenue on a per-student basis.

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 28, 2011, and determined that there were no other events that occurred that require disclosure.



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**Independent Accountants' Report
on Applying Agreed-Upon Procedures**

To the Board of Directors for
Helix Network of Educational Choice d/b/a Mentorship Academy
Baton Rouge, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Mentorship Academy, the Louisiana Legislative Auditor, and the Louisiana Department of Education and/or Louisiana Board of Elementary and Secondary Education, as applicable, solely to assist the users in evaluating management's assertions about Mentorship Academy's compliance with certain laws and regulations during the period ended June 30, 2010 included in the accompanying *Louisiana Attestation Questionnaire*. Management of Mentorship Academy is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Administration

1. Obtain a listing of all members of the governing or management board.

Management provided us with the required listing.

2. Randomly select six disbursements made to members of the governing or management board and perform the following:

- Trace the six disbursements to supporting documentation as to proper amount and payee.

There was only one disbursement to a board member noted. We examined supporting documentation for the disbursement made to the member of the board and found that the payment was for the proper amount and made to the correct payee.

- Determine whether the disbursements were incurred while fulfilling duties as a member of the board.

We examined supporting documentation for the one disbursement and found that the payment was for expenses incurred while performing duties required as a board member.

- 3: Ascertain whether a religious organization shares building space with the School.

We performed a walk-through of the school and ascertained that a religious organization is not located in the same building as the charter school

- Determine whether this organization, if any, reimburses the charter school for utility or other payments made on their behalf.

This step is not applicable as there is not a religious organization that shares building space with the school.

4. Randomly select six disbursements and verify that the payments were made for expenditures incurred by and on behalf of the School.

We randomly selected six disbursements made and examined supporting documentation for each of the six disbursements, and found that payment was for expenditures incurred by and on behalf of the charter school.

Student Admissions

5. Obtain a copy of the school's admission requirements.

Management provided us with the admission requirements.

6. Determine the School's jurisdiction as described in the charter agreement and perform the following:

- Randomly select a sample of 12 students and verify that documentation supports that the students satisfied the school's admission requirements.

This step is not applicable as there were no students enrolled during the year under review.

- Determine that documentation exists to ensure that the 12 students reside within the school's jurisdiction.

We reviewed the charter agreement and found that the school's jurisdiction coincides with that of the parish school board. However, this step is not applicable as there were no students enrolled during the year under review.

Instructional Staff

7. Obtain a listing of the School's instructional staff who are certified and a listing of the instructional staff who are not certified and perform the following:

- Verify that the listings demonstrate that at least 75% of the instructional staff are certified by the State Board of Elementary and Secondary Education or the French Ministry of Education; or, if a Type 5 charter school, has complied with the staff certification requirements found in R.S. 17:3991 (C) (6) (b).
- Randomly select six names from the listing of instructional staff appearing on the listing of certified staff.
- Trace the six staff names to documentation indicating that they meet the certification requirements.

These steps are not applicable as there were no instructional activities during the year under review.

Fixed Assets

8. Obtain a listing of fixed assets.

Management provided us with the required listing.

9. Randomly select a sample of six assets and verify the source of funds used to acquire the assets.

We randomly selected six assets and traced them to documentation that indicates that all six of the assets were acquired with private donations and are the property of the School.

Open Meetings Law

10. Examine evidence indicating that an agenda for meetings recorded in the minutes were posted as an open meeting as required by R.S. 42:1 through 42:13.

Mentorship Academy did not maintain evidence indicating that an agenda for meetings recorded in the minutes was posted as an open meeting as required by R.S. 42:1 through 42:13.

Management's Response:

Management concurs with the observation. Mentorship Academy has established procedures to maintain evidence that agendas for meetings are posted as required by Open Meetings Law for the 2010-2011 year.

Public Bid Law

11. Select all expenditures made during the year that exceeded \$100,000, where the expenditures were for the erection, construction, alteration, improvement of a public facility or immovable property, and determine whether such purchase were made in accordance with the public bid law.

This step is not applicable as there were no expenditures during the year that exceeded \$100,000.

State Audit Law

12. Verify that the School provided for a timely report in accordance with R.S. 24:513.

Mentorship Academy is in violation of the State Audit Law. A review report and agreed-upon procedures report as specified in R.S. 24:513, is required to be completed and submitted to the Legislative Auditor by six months after the end of the year.

Management's Response:

Mentorship Academy filed for an extension to file prior to the deadline. Mentorship Academy has established procedures to meet the deadline for the 2010-2011 year in accordance with State Audit Law.

General

13. Obtain the School's approved charter and compare actual operations with those contained in the approved charter.

Management provided us with the charter, which was approved on March 25, 2010. The effective date of the charter is July 1, 2010 and as such the actual operations relative to this procedure did not begin until July 1, 2010. Therefore, this procedure is not applicable.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Mentorship Academy, the Louisiana Legislative Auditor, and the Louisiana Department of Education and/or the Louisiana State Board of Elementary and Secondary Education, as applicable, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Portthwaite + Netterville

March 28, 2011

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Charter Schools)

March 31, 2011 (Date Transmitted)

Postlethwaite & Netterville, CPAs (Auditors)

8550 United Plaza Blvd. (Address)

Baton Rouge, LA 70808 (City, State Zip)

In connection with your review of our financial statements as of June 30, 2010 (date) and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with these laws and regulations prior to making these representations.

These representations are based on the information available to us as of March 31, 2011 (date completed/date of the representations).

Administration

It is true that no member of the governing or management board has received any compensation other than reimbursement of actual expenses incurred while fulfilling duties as a member of such board [R.S. 17:3991(A)(1)(b)].

The school is not affiliated with any religion or religious organization or institution [R.S. 17:3991(E)(1)].

Yes [X] No []

Student Admissions

Student admission requirements, if any, include a system for appropriate admission decisions and the requirements have been applied on a consistent basis [R.S. 17:3991(B)(1)(c)(3)].

It is true that all students reside within the jurisdiction of the school as described in the charter agreement [R.S. 17:3991(C)(1)(a)].

Yes [X] No []

Instructional Staff

At least 75% of the instructional staff have been certified by the State Board of Elementary and Secondary Education or the French Ministry of Education [R.S. 17:3991(C)(1)(c)(6)(a)].

Yes [X] No []

As a type 5 charter school, if applicable, we have complied with the staff certification requirements found in R. S. 17:3991 (C) (6) (b).

Fixed Assets

Yes, as a Type 4 charter school, if applicable, we have maintained records of fixed assets that clearly identify those assets belonging to the local school board [R.S. 17:3391(H)].

Yes, as a Type 1, Type 2, Type 3 or Type 5 charter school, if applicable, we have maintained records of fixed assets that clearly identify those assets acquired with public funds, which, if the school ceases to operate, become the property of the chartering authority [R.S. 17:3391(H)].

Yes ☒ No ☐

Open Meetings Law

We have complied with the laws pertaining to open and public meetings (R.S. 42:4.1 through 42:13).

Yes ☒ No ☐

Public Bid Law

It is true that we obtained bids for any erection, construction, alteration, improvement, or repair of a public facility or immovable property (R.S. 38:2211 through 38:2259).

Yes ☒ No ☐

State Audit Law

It is true that we have provided a review/attestation report to the Legislative Auditor in accordance with and within the timeframe established by the state audit law (R.S. 24:513).


Yes ☒ No ☐

General

It is true that the actual operations of the school agree with those specified in its approved charter (See Charter).

Yes ☒ No ☐

The previous responses have been made to the best of our belief and knowledge.

_____	Secretary	_____	Date
_____	Treasurer	_____	Date
	CEO	3-29-11	Date
_____	President	_____	Date